

FINANCIAL OVERSIGHT & MANAGEMENT BOARD FOR PUERTO RICO



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BY ELECTRONIC MAIL

September 21, 2022

Hon. Omar Marrero Díaz
Executive Director
Fiscal Agency and Financial Advisory Authority

Dear Mr. Marrero Díaz,

On July 18, 2022, the Puerto Rico Fiscal Agency and Financial Advisory Authority (“AAFAF,” for its Spanish acronym) submitted to the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”) an authorization request pursuant to Section 207 of PROMESA related to the Economic Development Bank for Puerto Rico’s (“EDB”) proposed Settlement Agreement with the Government Development Bank for Puerto Rico (“GDB”) (the “Proposed Settlement Agreement”). Pursuant to the Proposed Settlement Agreement, EDB shall make a one-time cash payment of \$3,100,000 in full settlement and satisfaction of its obligations under the GDB Overnight Deposit, a short-term line of credit facility granted by GDB with an outstanding balance of \$35,070,738.52.

On August 3, 2022, the Oversight Board requested additional financial information, such as: (i) a copy of the detailed financial projection model used to project EDB revenues and expenses within the submission, including detail of programs, interest income and other revenues, and details of EDB’s operating expenses; (ii) copies of EDB’s financial statements for the past 3 fiscal years, including income statement and balance sheet detail; (iii) a copy of the detailed breakdown of other deposits owed by EDB for the most recent reconciled period; (iv) a copy of the FY23 EDB operating budget; and (v) a copy of the EDB charter or other relevant establishment documents. On August 12, 2022, the Oversight Board received the additional information requested.

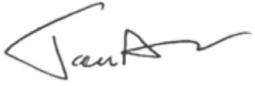
Based on the representations and information in the Supporting Materials and the Oversight Board’s analysis, the Oversight Board approves the Debt Transaction on the terms as described in the Supporting Materials pursuant to Section 207 of PROMESA.

Further, the Oversight Board requests that AAFAF submit follow-up status reports in 90 and 180 days on restructuring plans for the EDB, including: (i) restructuring negotiations; (ii) NICRA re-evaluation; and (iii) summary of loan originations.

Mr. Marrero Díaz
September 21, 2022
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We look forward to continuing our work with AAFAF to accomplish the requirements and goals of PROMESA for the benefit of Puerto Rico's 78 municipalities and its people.

Sincerely,

A handwritten signature in black ink, appearing to read "Jaime A. El Koury", with a stylized flourish at the end.

Jaime A. El Koury
General Counsel